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E.O. 12356: N/A
TAGS: PGOV, EAID, MASS, PREL, US, RP
SUBJECT: SOLARZ SUBCOMMITTEE PHILIPPINE HEARING, FEB 19

SUMMARY:

1. A) STEVE SOLARZ CHAIRED AN HFAC ASIAN AFFAIRS SUBCOMMITTEE HEARING FEB 19 ON THE PHILIPPINE ELECTION AND APPROPRIATE USG RESPONSES. WITNESSES WERE SENATOR LUGAR, CONGRESSMAN MURTHA, ADMIRAL STANSFIELD TURNER, AND RICHARD HOLBROOKE. LUGAR AND MURTHA RECOUNTED THEIR EXPERIENCES AS ELECTION OBSERVERS AND UNEQUIVOCALLY BRANDED THE ELECTION AS FRAUDULENT. BOTH JUDGED THAT FRAUD RESTED ENTIRELY ON THE GOVERNMENT SIDE, THAT THE FILIPINO PEOPLE WANT A CHANGE, AND THAT CORY AQUINO, HAD THE ELECTION AND SUBSEQUENT BALLOT COUNTING NOT BEEN FIXED, WOULD HAVE EASILY WON WITH SIXTY PER CENT OF THE VOTE.

B) TURNER AND HOLBROOKE SPOKE MORE TO POLICY QUESTIONS, WITH HOLBROOKE EMPHASIZING THE IMPORTANCE OF THE SENATE, HOUSE AND ADMINISTRATION PRESENTING A UNITED FRONT IF AT ALL POSSIBLE. SOLARZ DESCRIBED A PROPOSED BILL BEING COORDINATED WITH THE SFRC WHICH WOULD DIVERT DEVELOPMENT

ASSISTANCE AND PL-480 ENTIRELY TO THE CHURCH AND VOLUNTARY ORGANIZATIONS AND PUT UNOBLIGATED PORTIONS OF FMS, MAP AND ESF INTO ESCROW, RESERVED FOR THE PHILIPPINES, UNTIL THE PRESIDENT WAS ABLE TO CERTIFY THAT A GOVERNMENT WAS IN PLACE IN MANILA WHICH HAD THE SUPPORT OF THE PEOPLE. WITH SLIGHT VARIATIONS, THE SOLARZ PROPOSAL RECEIVED VOCAL SUPPORT FROM CONGRESSMEN MURTHA, LEACH, TORRICELLI, BEREUTER AND DYMALLY, AND FROM BOTH HOLBROOKE AND TURNER. LUGAR HAD DEPARTED AFTER HIS INITIAL STATEMENT BUT SOLARZ SAID HE WAS ALREADY IN TOUCH WITH HIM ON THE PROPOSED LEGISLATION.

C) AS TO OTHER SOLUTIONS TO THE PRESENT PROBLEM, CONGRESSMEN LEACH AND DYMALLY, AND BOTH HOLBROOKE AND TURNER INDICATED THAT THE USG SHOULD PRESS MARCOS TO STEP DOWN (SEND A PLANE). HOLBROOKE STRESSED THAT MAJOR PROBLEMS WOULD REMAIN, AND THE CONGRESS MUST BE PREPARED TO RESUME AND INCREASE AID TO A NEW GOVERNMENT.

D) THE HEARING CLOSED WITH ANNOUNCEMENT OF THE MURDER A

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FEW HOURS EARLIER OF THE LOS ANGELES BUREAU CHIEF OF THE ANTI-MARCOS "PHILIPPINE NEWS" AND THE THREATENED DEATH OF ONE OF HIS COLLEAGUES. THE MURDER FOLLOWED A WRITTEN DEATH THREAT THE DAY BEFORE DENOUNCING THE PAPER'S ANTI-MARCOS STANCE. END SUMMARY.

OPENING STATEMENTS:

2. HOUSE ASIA AND PACIFIC SUBCOMMITTEE CHAIRMAN SOLARZ OPENED THE HEAVILY ATTENDED (NINE MEMBERS PRESENT) HEARING WITH A STATEMENT NOTING THAT THE PHILIPPINES FACED A PROFOUND CRISIS. OUR TWO PEOPLES HAVE A COMMON INTEREST IN A PHILIPPINES WHICH IS DEMOCRATIC, FREE, STABLE AND PROSPEROUS, SAID SOLARZ. STRESSING THAT THE FLAWED ELECTION HAD COMPOUNDED EXISTING PROBLEMS, SOLARZ POSED THE QUESTION OF WHETHER THE CONGRESS SHOULD NOT USE ITS CONTROL OVER FOREIGN ASSISTANCE TO SEND A "POWERFUL SIGNAL" TO MANILA THAT THE MARCOS REGIME HAS LOST CREDIBILITY BUT THAT WE STAND TOGETHER WITH THE FILIPINO PEOPLE.

3. RANKING MINORITY MEMBER CONGRESSMAN LEACH IN HIS OPENING STATEMENT COMPARED MARCOS AT THIS STAGE AS HAVING DESCENDED TO THE LEVEL OF BOSS TWEED RATHER THAN BECOME A THOMAS JEFFERSON. FORTUNATELY, THERE APPEARED TO BE A CENTRIST DEMOCRATIC ALTERNATIVE. HE PRAISED AQUINO'S RESPONSIBLE EFFORT TO PREVENT VIOLENT PROTEST OF THE FRAUDULENT ELECTION, BUT SAID NOW THAT MARCOS HAS STOLEN

THE WEALTH OF THE PEOPLE HE SHOULD NOT ALSO BE ALLOWED TO STEAL THEIR SOUL AT THE BALLOT BOX. OUR MILITARY BASES ARE IMPORTANT, BUT THIS IMPORTANCE CAN BE EXAGGERATED. THE REAL ISSUE IS THE POLITICAL AND ECONOMIC SITUATION IN THE PHILIPPINES.

4. AS TO WHAT SHOULD BE DONE, LEACH SAID HE SUPPORTED PLACING SOME OF OUR FOREIGN ASSISTANCE APPROPRIATION FOR THE PHILIPPINES INTO ESCROW. HE WOULD ALSO: 1) URGE THE ADB AND IBRD NOT TO DISPENSE FURTHER AID UNLESS FILIPINO LEADERS CEASE MAKING LARGE INVESTMENTS ABROAD AND LOOTING THE TREASURY; 2) CONVENE A CONFERENCE OF AID DONORS; AND 3) SEND THE PLANE THAT WENT FOR BABY DOC.

SENATOR LUGAR

5. SFRC CHAIRMAN SENATOR LUGAR WAS THE FIRST WITNESS. NOTING THAT THE PRESIDENTIAL OBSERVER MISSION HAD GONE TO THE PHILIPPINES AT PRESIDENT MARCOS' INVITATION, LUGAR SAID THAT HE BELIEVED THE ELECTION HAD BEEN CALLED PRIMARILY FOR OUR BENEFIT. MARCOS WANTED USG VALIDATION OF HIS MANDATE.

6. LUGAR PRAISED NAMFREL, WHICH HE SAID WAS CREDIBLE AND WORKED FOR A FAIR ELECTION. REGRETFULLY, DESPITE THIS MAJOR CITIZEN VOLUNTEER EFFORT, THE ELECTION HAD BEEN FLAWED. THE SENATE THIS A.M. HAD VOTED 85 TO 9 A RESOLUTION EXPRESSING THE SENSE OF THE SENATE THAT THE ELECTION WAS FRAUDULENT. LUGAR SAID ELECTION LISTS HAD BEEN MANAGED, CLEARLY DISENFRANCHISING ABOUT TEN PER CENT OF THE VOTERS AT THE PRECINCTS HE HAD VISITED IN MANILA. ALSO THE GOVERNMENT PLACED ROADBLOCKS IN THE WAY OF THE QUICK COUNT. HE CALLED THE COMELEC QUICK COUNT A "POTEMKIN VILLAGE." EVEN MORE SIGNIFICANT, THE OFFICIAL CANVASS RETURNS WERE "COOKED," AND WAS SUBJECT TO NO EFFECTIVE CHECKS AND BALANCES. THE FINAL DECLARED OUTCOME WAS THEREFORE "INCREDIBLE."

7. SEN. LUGAR STRESSED THE GOOD WILL OF ORDINARY

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CITIZENS FOR THE AMERICAN OBSERVERS EVERYWHERE THEY WENT.
NO HOSTILITY WAS EXPRESSED, AND SOME POIGNANTLY PLEADED
FOR THEM TO STAY LONGER.

CONGRESSMAN MURTHA

8. MURTHA NOTED THAT THIS IS THE THIRD FOREIGN ELECTION
FOR WHICH HE HAD BEEN AN OFFICIAL AMERICAN OBSERVER. HE
HAD FOUND THE FIRST TWO OBJECTIVELY TO BE FREE, DESPITE

SOME PROBLEMS AND CRITICISMS. THE PHILIPPINES WAS A MUCH
DIFFERENT SITUATION, AND "THERE WAS NO WAY THAT WE COULD
CERTIFY IT A FREE AND FAIR ELECTION." HE NOTED THAT 150
OUT OF 800 VOTERS AT ONE POLLING PLACE HE VISITED WERE
DISENFRANCHISED. THE FRAUDULENT MEASURES USED WERE
"REMARKABLY BLATANT." HE CONCLUDED THAT HIS SENSE OF THE
SITUATION AS AN EXPERIENCED POLITICIAN WAS THAT THE
FILIPINO PEOPLE WANTED A CHANGE AND THAT THEY VOTED THAT
MESSAGE AT THE POLLS. AS TO THE OUTCOME, HE SAID THAT
NAMFREL SHOULD JUDGE IT.

9. IN RESPONSE TO SOLARZ' QUESTIONS, MURTHA SAID:

-- THERE WAS NO EVIDENCE OF FRAUD PERPETRATED BY THE
OPPOSITION. IT WAS CLEAR THAT THE GOVERNMENT SIDE WAS
RESPONSIBLE FOR MOST FRAUD.

-- THE CHICANERY COULD NOT PROPERLY BE COMPARED TO WHAT
HAS OCCURRED AT TIMES IN PART OF THE USA. "THE FILIPINO
PEOPLE WANTED A CHANGE. THEY VOTED, BUT THEIR VOTE WAS
STOLEN."

-- WOULD PUT GREAT CONFIDENCE IN THE NAMFREL ESTIMATE OF
THE LEVEL OF DISENFRANCHISEMENT. ALTHOUGH MANY
PERSONALLY PRO-AQUINO, THEY WANTED TO RUN A FREE
ELECTION. THE PHILIPPINES CAN NOT BE COMPARED WITH EL
SALVADOR. THE WHOLE PHILIPPINE ELECTION IS IN DOUBT.

-- AQUINO WON.

10. SOLARZ ASKED WHERE WE SHOULD GO FROM HERE. HE
REPORTED WORKING WITH FASCELL, LUGAR, AND LEACH TO TRY TO
FORGE A BILL AIMED AT PROTECTING PHILIPPINE DEMOCRACY BY
SENDING A SIGNAL OF WITHOLDING SUPPORT FROM THE
GOVERNMENT WHILE CONTINUING SUPPORT OF THE PHILIPPINE
PEOPLE. THEIR PROPOSAL WAS TO PUT THE BULK OF ESF AND
MILITARY ASSISTANCE IN AN ESCROW ACCOUNT, AND REDIRECT DA
AND PL-480 TO THE CHURCH AND VOLUNTARY ORGANIZATIONS.
MURTHA AGREED THAT AN ESCROW ARRANGEMENT MIGHT BE AN
APPROPRIATE MEANS TO ACCOMPLISH DESIRED ENDS. HE
STRESSED THAT IT WAS IMPORTANT TO SHOW THAT WE INTENDED
TO CONTINUE TO HELP THE FILIPINO PEOPLE, AND THAT THE
MILITARY, IF THEY REFORMED, WOULD REQUIRE ADDITIONAL
ASSISTANCE AGAINST THE INSURGENCY.

11. MURTHA DID NOT DETECT ANY ANTI-BASE SENTIMENT; FELT
FILIPINO PEOPLE WANTED THE BASES. THIS WAS NOT AN ISSUE
IN THE CAMPAIGN DESPITE MARCOS ATTEMPT TO PORTRAY HIMSELF
AS PRO-BASE AND AQUINO OPPOSED THERETO. THE INSURGENCY

IS FED BY CORRUPTION AND POVERTY. A CHANGE OF GOVERNMENT
COULD REDUCE THE PROBLEMS, BUT A REFORM OF THE MILITARY
IS ALSO REQUIRED.

12. IN RESPONSE TO TORRICELLI, MURTHA SAID THE PRESENT
GOVERNMENT AND NO REFORM WAS THE WORST OF ALL POSSIBLE
WORLDS. WE CANNOT MAINTAIN THE BASES WITHOUT THE
GOODWILL OF THE FILIPINO PEOPLE.

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13. GEJDENSON EXPLORED THE LOYALTY OF THE MILITARY. MURTHA SAID HE FELT THE MILITARY WAS DIVIDED BETWEEN THE POLITICAL LOYALISTS ON TOP, YOUNGER OFFICERS CALLING FOR REFORM, AND A RETIRED GROUP CALLING OPENLY FOR CHANGE AND SUPPORTING AQUINO. HE WAS SHOCKED AT THE STATE OF THE MILITARY. HE FELT THE ONLY WAY TO CREATE A RESPECTABLE MEANFOR AQUINO TO TAKE OVER WOULD BE FOR MARCOS AND TOLENTINO TO STEP DOWN AND ANOTHER ELECTION TO BE HELD.

14. CONGRESSMAN BEREUTER COMMENTED THAT HE FAVORED DIRECTING DA AND PL-480 TO PRIVATE VOLUNTARY ORGANIZATIONS AND LIMITING ESF RATHER THAN PUTTING IT IN AN ESCROW ACCOUNT. HE WOULD CONTINUE IMET IF WE COULD CONTROL THE SELECTION PROCESS SO THAT MILITARY CRONIES WERE NOT SELECTED.

15. CONGRESSMAN DON BURTON OF INDIANA (NOT SUBCOMMITTEE MEMBER, BUT SITTING IN) QUESTIONED THE VERSION OF THE ELECTION PORTRAYED BY LUGAR AND MURTHA. HE CITED A TELEGRAM RECEIVED FROM AMERICAN BILL QUASHA, PRESIDENT OF REPUBLICANS ABROAD IN MANILA, CLAIMING THAT THIS WAS THE "FAIREST ELECTION SINCE INDEPENDENCE" AND THAT THERE WAS FRAUD ON BOTH SIDES. QUASHA SAID 200 LEGAL CASES HAD BEEN FILED AGAINST OPPOSITION MEMBERS FOR ALLEGED ELECTION VIOLATIONS.

RICHARD HOLBROOKE

16. FORMER EAP ASSISTANT SECRETARY HOLBROOKE STRESSED THAT THE PRESENT WAS A RARE OPPORTUNITY FOR BIPARTISAN COOPERATION ON A MAJOR FOREIGN POLICY ISSUE AND EXECUTIVE LEGISLATIVE BRANCH HARMONY. THERE WAS COMMON AGREEMENT ON THE IMPORTANCE OF THE PHILIPPINES, THE FRAUDULENCE OF THE ELECTION, AND THE DANGER OF THE NPA. MARCOS REIN IS AT ITS TWILIGHT ZONE. THE END IS INEXORABLE, ALTHOUGH TRAGIC IN PERSONAL TERMS. HIS EARLIER VISION HAD BEEN DISSIPATED INTO A STRUGGLE FOR SURVIVAL.

17. HOLBROOKE EMPHASIZED THAT NO ONE SHOULD WISH PERSONAL HARM TO MARCOS OR HIS FAMILY. IT IS IN LONG

RANGE INTEREST OF USA THAT THE TRANSITION BE BEGUN. HOWEVER, MARCOS' DEPARTURE WILL NOT SOLVE PHILIPPINE PROBLEMS; A MASSIVE SET OF PROBLEMS WILL REMAIN, PARTICULARLY THE ECONOMY AND THE INSURGENCY. THE NPA IS A RUTHLESS, TIGHTLY ORGANIZED COMMUNIST MOVEMENT. THEREFORE, THE NEXT GOVERNMENT IN MANILA WILL NEED AN AWFUL LOT OF AID.

18. RESPONDING TO SOLARZ, HOLBROOKE RECOMMENDED:

-- AN EXPLICIT PROHIBITION OF ANY AID BEING CHanneled THROUGH MRS. MARCOS' MINISTRY FOR HUMAN SETTLEMENTS.

-- DO NOT CUT AID, BUT WITHOLD FUNDS AND KEEP THEM SPECIFICALLY IN ESCROW FOR THE PHILIPPINES; AND

-- PRESENT A UNITED FRONT WITH THE ADMINISTRATION IF AT ALL POSSIBLE. PUBLIC DISAGREEMENT WILL ENABLE THE CRONY PRESS IN MANILA TO TRUMPET THAT THE ADMINISTRATION IS DEFENDING MARCOS.

19. IN RESPONSE TO QUESTIONS, HOLBROOKE SAID:

-- A NEW GOVERNMENT IS A NECESSARY BUT NOT SUFFICIENT REQUIREMENT FOR DEFEATING THE NPA.

-- AN ORDERLY TRANSITION IS IMPORTANT.

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-- WE ARE AFFECTING THE SITUATION WHETHER WE ACT OR DO NOT ACT.

-- WE SHOULD USE OUR INFLUENCE TO URGE MARCOS TO RELINQUISH POWER.

-- CONGRESSMAN DYMALLY ASKED IF IT WAS NOT TIME TO GO TO MARCOS AND SAY IT IS TIME TO GO. HOLBROOKE AGREED, BUT EMPHASIZED THE NECESSITY FOR AN ORDERLY TRANSITION.

ADMIRAL STANFIELD TURNER

20. FORMER CIA DIRECTOR TURNER CONCENTRATED ON THE LIABILITIES OF ANY MILITARY BASES ON FOREIGN SOIL, AND CAUTIONED AGAINST LETTING OUR CONCERN FOR THE BASES CONTROL OUR REACTION TO THIS POLITICAL CRISIS. IN RESPONSE TO QUESTIONS, TURNER SAID:

- THERE IS NOW THE POSSIBILITY OF A TRANSITION TO A DEMOCRATIC ALTERNATIVE TO THE PRESENT GOVERNMENT. WE NEED TO BE FOREHANDED IN DEALING WITH OUR AUTHORITARIAN FRIENDS. THE PHILIPPINE SITUATION HAS BEEN HANDLED UNCOMMONLY WELL. WE NEED TO TELL AN AUTHORITARIAN FRIEND FRANKLY WHEN REFORMS ARE REQUIRED, AND WHEN HE IS ON THE WAY DOWN. SUCCESSFUL HANDLING OF THE PHILIPPINE SITUATION WILL STRENGTHEN OUR HAND IN THE SUCCESSION OF FUTURE SUCH SITUATIONS WHICH ARE INEVITABLE, AND ALSO HELP EXORCISE THE GHOSTS OF THE SHAH AND SOMOZA IN OUR POLITICAL EXPERIENCE. HOLBROOKE COMMENTED THAT A CLOSER ANALOGY WAS SAIGON IN 1963. THERE, CHAOS ENSUED AND THE COMMUNISTS WERE THE BENEFICIARY. THE QUESTION IS WHETHER AN AQUINO GOVERNMENT IN THE PHILIPPINES CAN SUCCESSFULLY DEAL WITH THE PROBLEMS. THE RISKS ARE GREAT, BUT THEY ARE GREATER IF MARCOS STAYS.

PROPOSED LEGISLATION

21. SOLARZ OUTLINED A POSSIBLE FORMULA FOR DEALING WITH THE SUBJECT OF FOREIGN AID. HE SAID THIS WAS UNDER DISCUSSION WITH SFRC CHAIRMAN LUGAR, HFAC CHAIRMAN FASCELL, AND THE SUBCOMMITTEE'S RANKING MINORITY MEMBER, CONG. LEACH. IT WAS PROPOSED TO ADDRESS FY-86 APPROPRIATIONS AND BOTH FY-86 AND 87 AUTHORIZATIONS.

22. DEVELOPMENT ASSISTANCE AND PL-480:

FY-86 DEVELOPMENT ASSISTANCE OF DOLS 18.8 MILLION AND PL-480 OF 42.7 MILLION, TOTAL DOLS 61 MILLION. HE PROPOSED THAT THIS BE SHIFTED AWAY FROM THE GOVERNMENT AND DIRECTED TO THE CATHOLIC CHURCH AND PRIVATE VOLUNTARY ORGANIZATIONS. BOTH HOLBROOKE AND TURNER SAID THIS MADE SENSE.

23. MILITARY ASSISTANCE:

A) FMS OF DOLS 14.3 MILLION AND MAP OF 38.2 MILLION TOTAL 52.5 MILLION DOLLARS IN FY-86. THERE ARE DOLS 15 MILLION OBLIGATED FUNDS FROM FY-85 NOT YET DISBURSED, AND ABOUT 16 MILLION IN FY-86 WHICH HAVE BEEN OBLIGATED. THIS 31 MILLION WOULD NOT BE AFFECTED.

B) UNOBLIGATED FY-86 AND FY-87 MONEY WOULD BE PLACED IN ESCROW TO BE HELD FOR THE PHILIPPINES CONTINGENT UPON THEIR RELEASE FOLLOWING A PRESIDENTIAL DETERMINATION THAT THERE WAS A LEGAL GOVERNMENT IN MANILA WHICH HAS THE SUPPORT OF THE PEOPLE, FOLLOWED BY A JOINT RESOLUTION OF

CONGRESS FREEING THE FUNDS. HOLBROOKE COMMENTED THAT AS

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A SYMBOLIC ACTION WHICH DID NOT IMMEDIATELY WITHHOLD FUNDS IN THE PIPELINE FOR THE AFP, THE CONCEPT SOUNDED EXACTLY RIGHT, BUT HE HOPED AGREEMENT COULD BE REACHED WITH THE EXECUTIVE BRANCH EVEN IF THERE WAS ADJUSTMENT ON THE DETAILS. TURNER SAID THAT HOLDING THE MONEY IN ESCROW WAS WORTHWHILE IN ORDER TO SEND A SIGNAL TO THE PHILIPPINES. ANY RISK OF PROBLEMS CREATED FOR THE AFP WERE FAR LESS THAN THE RISK OF NPA EXPANSION IF MARCOS STAYS IN POWER. HOLBROOKE NOTED THAT HE HAD BEEN THE AUTHOR OF THE ORIGINAL "BEST EFFORT" FORMULATION REGARDING COMMITMENTS TO THE GOP FOR BASE-RELATED COMPENSATION. HE BELIEVED THAT AN ESCROW ARRANGEMENT WOULD NOT VIOLATE THE EXECUTIVE BRANCH UNDERTAKING.

24. ECONOMIC SUPPORT FUND (ESF)

A) IN FY-86 THERE IS DOLS 119 MILLION, ALL STILL UNOBLIGATED, SOLARZ REPORTED. HE PROPOSED ALL THIS BE PUT UNDER THE ESCROW ARRANGEMENT.

B) HOLBROOKE AGAIN EMPHASIZED IMPORTANCE OF WITHHOLDING MONEY FROM THE MINISTRY OF HUMAN SETTLEMENTS.

25. MILITARY TRAINING (IMET)

HOLBROOKE SAID THIS IS A VALUABLE PROGRAM AND SHOULD BE CONTINUED IF CANDIDATES COULD BE VETTED, ALTHOUGH WE SHOULD HOLD BACK IF UNSUITABLE CANDIDATES ARE CHOSEN BY THE POLITICIZED LEADERSHIP OF THE AFP. TURNER WOULD EVEN WITHHOLD IMET IF NECESSARY TO SEND SIGNAL.

MURDER OF MARCOS CRITIC IN LOS ANGELES

26. THE HEARING ENDED ON A SOMBER NOTE WHEN SOLARZ WAS BROUGHT NEWS ABOUT THE MURDER OF OSCAR SALVATIERRA, LOS ANGELES BUREAU CHIEF OF THE "PHILIPPINE NEWS," THE LARGEST ETHNIC FILIPINO NEWSPAPER IN THE USA. SALVATIERRA HAD RECEIVED ANONYMOUS WRITTEN THREATS FEB 18 DENOUNCING THE PAPER'S CRITICISM OF PRESIDENT MARCOS AND SAYING HE HAD BEEN SENTENCED TO DEATH BY EXECUTION. TODAY, FEB 19, SALVATIERRA HAD BEEN KILLED, AND ONE OF HIS COLLEAGUES AT THE PAPER RECEIVED A THREATENING NOTE SAYING HE WAS "NEXT." SOLARZ COMMENTED THAT THE AMERICAN PEOPLE WOULD NOT TOLERATE FOREIGN POLITICAL EXECUTIONS ON AMERICAN SOIL AND CLOSED THE HEARING. (COMMENT: SOLARZ HAS CONTACTED THE FBI, AND THE DEPARTMENT IS ALSO FOLLOWING UP WITH THE FBI TO ENSURE A FULL INVESTIGATION

AND ANY FEASIBLE PROTECTION TO THE SECOND RECIPIENT OF THE DEATH THREAT. WHITEHEAD
END OF MESSAGE

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AIDAC

FOR ADMINISTRATOR MCPHERSON AND AN/NE GREENLEAF FROM
DIRECTOR KIMBALL

E.O. 12356: DECL: OADR
SUBJECT: WEEKLY REPORT NO. 64

1. (LOU) REPRESENTATIVE WILSON'S AMCHAM SPEECH.

REPRESENTATIVE CHARLES WILSON ADDRESSED AN AUDIENCE OF
APPROXIMATELY 30 BUSINESSMEN AT AN AMCHAM BREAKFAST
FORUM ON FEBRUARY 10. MINISTERS WALLY AND ABAZA
PARTICIPATED IN THE FORUM.

CONGRESSMAN WILSON EXPLAINED HOW THE AMERICAN POLITICAL
PROCESS DEALS WITH ISSUES CONCERNING THE EGYPTIAN-
ISRAELI SITUATION, STRESSING THE INFLUENCE OF THE
PRO-ISRAELI LOBBY. HE CAUTIONED THE EGYPTIANS TO BE
PREPARED FOR POSSIBLE CUTS IN THE AID PROGRAM AND A
POSSIBLE DELINKING OF THE BUDGETS FOR ISRAEL AND
EGYPT. HE URGED THE GOE TO TAKE POSITIVE POLITICAL
STEPS TO RESOLVE THE TABA ISSUE AND TO RETURN THE
EGYPTIAN AMBASSADOR TO ISRAEL.

TO OUR SURPRISE, THE QUOTE ONE BRIGHT NOTE UNQUOTE
IN WILSON'S VIEW IS THE POSSIBILITY OF POSITIVE
MOVEMENT ON DEBT RELIEF. WILSON SAID THAT HE
BELIEVES ISRAEL, TURKEY AND EGYPT WILL RECEIVE
FAVORABLE CONSIDERATION FOR DEBT RELIEF, ALTHOUGH
HE DID NOT GIVE ANY DETAILS ON HOW HE THOUGHT THIS
MIGHT HAPPEN. HE ALSO THOUGHT THE GRAMM-RUDMAN
OFFSETTING IMPLICATIONS COULD BE OVERCOME.

THE AUDIENCE MUCH APPRECIATED MR. WILSON'S COMMENTS.
THE COLLECTIVE VIEW WAS THAT THIS KIND OF INFORMATION
WILL BE EXTREMELY USEFUL TO THEM DURING THEIR VISIT
TO WASHINGTON IN MARCH.

2. (LOU) SHOUBRA IV.

YOU WILL REMEMBER THE PRESSURES WE WERE UNDER, ABOUT
A YEAR AGO, TO UNDERTAKE THE FINANCING OF A FOURTH
GENERATING UNIT AT THE SHOUBRA POWER PLANT. AT
THAT TIME THE PRESIDENT AND THE MINISTER OF ELECTRICITY
AND POWER PERSONALLY ASKED US ON SEVERAL OCCASIONS

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TO TAKE THE LEAD ON SHOUBRA IV, STRESSING THE URGENCY OF THE PROJECT TO MEET THE COUNTRY'S POWER NEEDS. AFTER REVIEWING PROGRESS ON THE POLICY FRAMEWORK, WE DECIDED TO PROCEED WITH THE PROJECT, AUTHORIZING EEA TO UTILIZE THE SAME CONTRACTORS THAT BUILT UNITS 1, 2 AND 3.

NEGOTIATIONS WITH THE CONTRACTORS TOOK LONGER THAN EXPECTED, BUT THE FIRST TWO MAJOR CONTRACTS (WESTINGHOUSE FOR THE TURBINE GENERATORS AND SOUTHWEST ENGINEERING FOR THE CONDENSERS) WERE READY FOR SIGNING IN MID-JANUARY. WE WERE THEN INFORMED THE GOE COULD NOT SIGN THESE CONTRACTS BECAUSE SHOUBRA IV HAD NEVER BEEN INCLUDED IN THE CURRENT FIVE-YEAR PLAN AND CABINET APPROVAL WOULD BE NEEDED TO SO INCLUDE IT.

MINISTERS GANZOURI AND ABAZA PERSONALLY ASSURED US THIS WAS A FORMALITY AND THE CONTRACTORS' REPS WERE INVITED TO CAIRO TO SIGN THE CONTRACTS LAST SUNDAY. MINUTES BEFORE THE SIGNING, HOWEVER, ALL PRESENT WERE TOLD CABINET APPROVAL WAS NEEDED AFTER ALL. THUS, WITH TV COVERAGE, THE CONTRACTORS SIGNED BUT THE GOE DID NOT.

LAST NIGHT (FEB 19) THE CABINET FINALLY APPROVED ADDING SHOUBRA IV TO THE FIVE-YEAR PLAN. EEA SIGNED THE CONTRACTS THIS MORNING.
3. (U) MOA RELEASES NARP RFP.

THE EGYPTIAN MINISTRY OF AGRICULTURE AND FOOD SECURITY (MOA) HAS RELEASED THE REQUEST FOR PROPOSALS (RFP) FOR TECHNICAL SERVICES FOR THE NATIONAL AGRICULTURAL RESEARCH PROGRAM (NARP). THE RFP INVITES U.S. EDUCATIONAL INSTITUTIONS, INTERNATIONAL AGRICULTURAL RESEARCH CENTERS AND PRIVATE CONSULTING FIRMS TO SUBMIT PROPOSALS TO PROVIDE TEN LONG-TERM RESIDENT MANAGERIAL AND TECHNICAL SPECIALISTS AND A SUBSTANTIAL LEVEL OF SHORT TERM TDY ASSISTANCE.

THE MOA EXPECTS THAT A BLEND OF MANAGERIAL EXPERTISE FROM THE PRIVATE SECTOR (FIVE POSITIONS) AND TECHNICAL EXPERTISE (FIVE POSITIONS) FROM THE U.S. UNIVERSITY COMMUNITY WILL BEST MEET ITS NEEDS IN THE HIGHLY COMPLEX AND DIVERSE AREA OF AGRICULTURAL RESEARCH

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FOR ADMINISTRATOR MCPHERSON AND AN/NE GREENLEAF FROM DIRECTOR KIMBALL

E.O. 12356: DECL:OADR
SUBJECT: WEEKLY REPORT NO. 64

MANAGEMENT AND IMPLEMENTATION. THIS RFP, WHICH WILL LEAD TO A HOST COUNTRY CONTRACT FOR TECHNICAL SERVICES, IS ONE OF THE FIRST USING BOTH TECHNICAL QUALIFICATIONS (85 PERCENT OF CRITERIA) AND PRICE (15 PERCENT) AS A BASIS FOR EVALUATING PROPOSALS TO SELECT THE CONTRACTORS.

OFFERORS WILL HAVE UNTIL APRIL 30, 1986 TO PREPARE AND SUBMIT THEIR PROPOSALS TO THE MOA. CONTRACT SIGNING IS SCHEDULED FOR EARLY JUNE WITH FIRST TEAM MEMBERS DUE TO ARRIVE IN EGYPT ON JULY 1.
4. (U) VISIT TO PROVINCIAL CITIES PROJECT - FAYOUM

MISSION PERSONNEL AND ANE/E DIRECTOR BROWN MADE A

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FIELD VISIT TO PROVINCIAL CITIES CONSTRUCTION ACTIVITIES
LAST WEEK AND MET WITH GOE OFFICIALS INCLUDING MAYOR
FAROUK AND GOVERNOR SARWAT ATTALA. THEY DEDICATED
A SMALL SEWERAGE PUMPING STATION AND MET WITH LOCAL
RESIDENTS BENEFITING FROM AID ACTIVITIES.

MUCH ACTIVITY WAS UNDERWAY WITH LOCAL CONTRACTORS,
AND THE ATTITUDE OF AFFECTED EGYPTIANS HAS TURNED
FROM ONE OF FRUSTRATION AND IRRITATION OVER REQUIRED
STUDIES AND PLANS TO ONE OF POSITIVE SUPPORT AND
APPRECIATION NOW THAT BENEFITS ARE BEGINNING TO BE
DELIVERED. SEWERAGE COLLECTION ACTIVITIES ARE
OBVIOUSLY BENEFITING MANY LOW INCOME RECIPIENTS,
WHO ARE MOST APPRECIATIVE. ONE ARTICULATE AND
VIGOROUS BENEFICIARY STATED THAT WASTEWATER COLLECTION
SYSTEMS HAD REDUCED MOSQUITOES ENOUGH FOR HER TO GET
A FULL NIGHT'S REST FOR THE FIRST TIME IN FIVE YEARS.
VELIOTES
END OF MESSAGE

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